

A nonprofit organization created for the purpose of elevating the standards of ethics and morality in the conduct of campaigns for election to political office by publicizing its code of fair campaign practices through newspapers, radio, and television, and by furnishing aids to political science and civics teachers for use in school classes, may qualify for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954.

Revenue Ruling 60-193, C.B. 1960-1, 195, modified.

Advice has been requested whether, under the circumstances described below, an organization qualifies for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954.

The organization was formed for the purpose of elevating the standards of ethics and morality in the conduct of campaigns for political office, on National, State, or local levels, by collecting, collating, and disseminating information concerning campaign practices through the press, radio, television, mail, and public speeches. Its articles of incorporation limit its activities to those in furtherance of charitable and educational purposes within the meaning of section 501(c)(3) of the Code. They provide that such activities are to be completely nonpartisan and shall not include carrying on propaganda or otherwise attempting to influence legislation, and that the organization shall not publish or distribute statements, or in any other way participate or intervene in any political campaign on behalf of any candidate for public office. Upon dissolution, assets are to be distributed exclusively for charitable or educational purposes.

The organization has proposed a code for fair campaign practices. Part of its work is to solicit the signing and endorsement of the code. Need for the code is publicized through direct correspondence, newspapers, radio, and television, as well as by reports, pamphlets, and leaflets made available to the public. In addition the organization furnishes "teaching aids" to political science and civics teachers. By these means the public is made aware of the need for ethical conduct in political campaigns.

The organization encourages voters to concern themselves with fair as well as unfair practices encountered in political elections. This is done, on a nonpartisan basis, so that citizens may increase their knowledge and understanding of our election processes and participate more effectively in their selection of government officials.

The organization's receipts are derived mainly from contributions or grants. A small percentage of its income is derived from the sale of its literature.

Section 501(c)(3) of the Code provides for the exemption from Federal income tax of organizations organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes.

Section 1.501(c)(3)-1(d)(3) of the Income Tax Regulations provides that the term "educational" as used in section 501(c)(3) of the Code relates to the instruction of the public on subjects useful to the individual and beneficial to the community.

The organization is instructing the public on subjects useful to the individual and beneficial to the community within the meaning of section 1.501(c)(3)-1(d)(3) of the regulations. It engages in nonpartisan analysis, study, or research and makes the results available to the public, and it is therefore distinguishable from an "action" organization defined in section 1.501(c)(3)-1(c)(3) of the regulations. It does not participate in or intervene in any political campaign on behalf of or in opposition to any candidate for public office. Accordingly, the organization qualifies for exemption from Federal income tax as an educational organization of the type described in section 501(c)(3) of the Code.

In Revenue Ruling 60-193, C.B. 1960-1, 195, an organization which was created to conduct projects solely for educational purposes in the field of government, and whose activities consist mainly of conducting nonpartisan educational programs in the form of seminars and workshops on the campuses of colleges and universities to stimulate people to a greater degree of interest and participation in governmental and political affairs was held not entitled to exemption as an educational organization described in section 501(c)(3) of the Code. Exemption was denied at that time on the ground that the organization did not meet the organizational or operational test. Its charter purposes were too broadly stated to be exclusively educational and its activities were considered to resemble more nearly those of a civic organization than an educational one.

Accordingly, Revenue Ruling 60-193 is modified to the extent that it holds that the activities therein described could not qualify as educational within the meaning of section 501(c)(3) of the Code. The conclusion relating to the charter being too broadly stated for purposes of section 501(c)(3) of the Code is still in effect.

An organization which considers itself within the scope of this Revenue Ruling must, in order to establish exemption under section 501(c)(3) of the Code, file an application on Form 1023, Exemption Application, with the District Director of Internal Revenue for the internal revenue district in which is located the principal place of business or principal office of the organization. See section 1.501(a)-1 of the regulations.